

# Maximising Fundraising

Congregations generally work extremely hard at fundraising. Most will have a regular cycle of events and activities. Most have also taken steps to ensure that, wherever individuals feel able to do so, the Sunday offering is made in the form of a regular direct debit or standing order which is gift aided. The purpose of this paper is to provide vestries with a simple toolkit to ensure that congregational fundraising is maximised and done in the most tax efficient manner. Further information is available on the Scottish Episcopal Church website at:

<http://vestryresources.scotland.anglican.org/stewardship-gift-aid-and-legacies/>

It is suggested that vestries should maximise the value of regular fundraising in three ways:

- Maximising the use of gift aid
- Having a programme of legacy recruitment
- Having a clear strategic plan for fundraising

## 1. Maximising the use of Gift Aid.

Gift Aid is a programme run by Her Majesty's Revenue and Customs which allows individuals who pay income tax in the UK to make donations before tax. Recipient organisations which are charities can claim the tax which would have been paid on the donation. This amounts, on average, to about £25.00 on every £100.00 donated. There is no minimum amount on which this can be claimed. The donor simply signs a form saying the donation is to be gift aided and states his or her name and address and that UK income tax is paid. Donors who are higher rate taxpayers have an additional advantage in that they can aggregate all such donations annually and claim higher rate tax relief on them. The process is simple to operate and vestries can make monthly returns of aggregated gift aided donations and receive up to 25 per cent additional income from HMRC. Detailed guidance is available on the Scottish Episcopal website given above. Model forms for envelopes and claims are also available. The system has recently been simplified even further. From April 2013 charities that receive small cash donations of up to £20 have been able to apply for a Gift Aid style repayment without the need to obtain Gift Aid declarations for those donations. The amount of small donations on which the new repayment can be claimed is capped at £5,000 per year. Guidance on this issue is available at: <http://vestryresources.scotland.anglican.org/a-guide-to-the-gift-aid-small-donations-scheme>. For vestries this could amount to an extra £1250.00 per annum. The following suggestions may help vestries maximise the amount of gift aid that they are claiming.

- When having a coffee morning or similar event, instead of charging an entry fee you should ask for a donation instead. This should be collected in an envelope with a gift aid declaration pre-printed on the outside. Not everyone who attends will be a UK taxpayer so you will not get back the full 25% but you could reasonably expect an extra 15% to be available in this way
- When someone suggests paying for a particular item, say restoration of a window, it is more tax efficient to ask them to make a gift aided donation for the amount and for the vestry to pay the bill.
- Similarly congregation members may be in the habit of paying for items such as flowers for church decoration, or tea and coffee after the service. The same is true of donations of goods to be raffled. It is more tax efficient for the church to pay the bills and for members to make a gift aided donation of the same amount.

- Always make sure that when gift aid is sought the cheque or cash comes from a family member who pays UK income tax and that that person's details, including Post Code, are recorded. The general rule should be to have the church pay the bill and for the donor to gift aid the amount.
- It is suggested that vestries should agree a plan to maximise gift aided donations over a three year period. You should aim to have 10% of donations gift aided in the first year, 33% in the second year and two thirds by the end of year three. It is unlikely that you will ever be able to secure much more than this as not all congregation members will be UK Taxpayers.
- The Diocesan Secretary will be happy to support vestries in implementing and monitoring this plan and further information on gift aid and other forms of tax efficient giving are available on the Scottish Episcopal Church website.

## **2. Having a programme of legacy recruitment.**

No one likes thinking about death but many people may not realise that planning to remember your church in your will is extremely tax efficient as well as beneficial. If a donor leaves a gift to a charity such as the church in their will, its value will not be included when valuing the estate (their money, possessions and property) for Inheritance Tax (IHT) purposes. Gifts made to a charity in the seven years before your death are also exempt from Inheritance Tax. This should be remembered if members are downsizing. Legislation was introduced in the Finance Bill 2012 to provide for a reduction in the rate of IHT from 40 per cent to 36 per cent where 10 per cent or more of a deceased person's net estate (after deducting IHT exemptions, reliefs and the nil-rate band) is left to charity. The measure will apply to deaths on or after 6 April 2012. It is probably not a good idea to target individuals for the purpose of legacy recruitment but vestries should have a regular method of drawing these facts to the attention of congregations for example through the newsletter or notices. Further guidance is available on the Scottish Episcopal Church website at:

<http://vestryresources.scotland.anglican.org/leaving-a-legacy-in-your-will-to-the-church/>

## **3. Having a clear strategic plan for fundraising.**

It is suggested that vestries should have a clear strategic plan for fundraising. This need not be complicated. It needs only the following elements:

- Where are we now? How much do we currently raise and by what methods? How much is gift aided? How much do we get back from HMRC? What is our record on securing new legacies or the promise of new legacies over the last five years?
- Where do we want to be in three or five year's time? Pick some reasonable and achievable but stretching target.
- How are we going to achieve this? More events? Different events? Maximising regular giving? Maximising gift aid? Maximising legacy giving? Something new?
- How will we know we are making progress? Where can we expect to be in six months, one year, and two years from now?
- How will we tell the congregation and the world what and how we are doing?
- What can go wrong? Are there any risks in this approach? How do we avoid or lessen them?

This paper has been endorsed by the Diocesan Standing Committee of Argyll and The Isles and is commended to the attention of vestries. Any questions on it should be directed to the Diocesan Treasurer.